

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 INR-10
NSAE-00 PA-01 ICA-11 SP-02 AID-05 EB-08 NSC-05
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FM AMEMBASSY DOHA
TO SECSTATE WASHDC 3896
INFO AMEMBASSY ABU DHABI
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AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
AMEMBASSY TEL AVIV
USDOC WASHDC

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ATHENS FOR RTDO

E.O. 11652: N/A
TAGS: ETRD, QA
SUBJECT: ARAB BOYCOTT: TRADE IMPACT OF ANTI-BOYCOTT LEGISLATION

REF: (A) STATE 194719 (B) DOHA 958

FOLLOWING KEYED TO QUESTIONS RAISED PARA 4 REFTEL (A):

IMPACT OF EAA AMENDMENTS ON OCADEN SERVICES AND COMMERCIAL
PARTICIPATION NEGLIGIBLE. U.S. TRADE, SERVICES AND COMMERCIAL
PARTICIPATION IN QATAR ONLY ABOUT \$200 MILLION IN 1977 AND
ALMOST ALL FROM FIRMS LARGE ENOUGH TO HAVE LEGAL STAFFS WHICH
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KNOW HOW TO LIVE WITH EAA. IN CASES WHICH MIGHT ARISE IN WHICH
U.S. FIRM MIGHT BE DISADVANTAGED DUE TO BOYCOTT PROVISIONS OF
LOCAL LAW OR ANTI-BOYCOTT PROVISIONS OF U.S. LAW, CHANCES ARE
THAT SECOND U.S. FIRM CAN BE FOUND WHICH CAN AVOID DIFFICULTIES.
(UNCLASSIFIED).

(A) ONLY VISIBLE IMPACT IS FROM PROVISIONS PREVENTING FIRMS FROM

PROVIDING INFORMATION, AND IMPACT HERE IS SMALL. HOST GOVERNMENT COMPREHENDS LAW AND ATTEMPTS TO ADJUST ITS PROCEDURES TO AVOID PENALIZING U.S. FIRMS. GOQ DOES NOT HAVE DIFFICULTY WITH INDIVIDUAL SECTIONS BUT IS HAVING SOME DIFFICULTY TRYING TO ACCOMMODATE PROVISIONS OF BOTH EAA AND TREASURY REGULATIONS WHICH THEY CONSIDER CONTRADICTORY AND CONFUSING. (UNCLASSIFIED)

(B) GOQ HAS TRIED TO ADAPT BUSINESS PRACTICES TO REQUIREMENTS. BOYCOTT OFFICE HAS ACCEPTED POSITIVE LANGUAGE IN LETTERS OF CREDIT SINCE 1969 AND IN LAST TWO YEARS HAS CHANGED LANGUAGE ON SHIPPING CERTIFICATES TWICE TO ACCOMMODATE U.S. REGS. STICKING POINT SEEMS TO BE ON QUESTION OF REQUESTS FOR INFORMATION FROM U.S. FIRMS. IF U.S. FIRMS FAIL TO RESPOND THEY ARE BOYCOTTED. REFTEL (B) NAMES THREE U.S. FIRMS BOYCOTTED FOR THIS REASON. (UNCLASSIFIED)

(C) NUMBER OF GOQ TRANSACTIONS WITH U.S. FIRMS TOO SMALL TO PROVIDE DATA BASE ON WHETHER UNILATERAL SELECTION WIDELY USED. (UNCLASSIFIED)

(D) SAMPLE OF U.S. FIRMS DOING BUSINESS HERE IS NOT LARGE ENOUGH TO MAKE DETERMINATION. GUT REACTION IS TO SAY THAT LARGE FIRMS WITH MORE EXPERIENCE AND EXTENSIVE LEGAL STAFF WILL BE BETTER ABLE TO LIVE WITH EAA. COMMENTS FROM REPS OF U.S. FIRMS REINFORCE THIS REACTION. (UNCLASSIFIED)

(E) NO EARLY REACTION SHOWN BY U.S. FIRMS. WE DO NOT EXPECT LIMITED OFFICIAL USE

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REACTIONS TO BE VISIBLE HERE. REACTION WILL BE BETWEEN FIRMS' LEGAL STAFFS IN U.S. AND USDOC. (UNCLASSIFIED)

(F) BEGIN LIMITED OFFICIAL USE: DIRECTOR OF BOYCOTT OFFICE HAS TOLD US THAT HE HAS HAD NUMEROUS CASES OF BRITISH FIRMS INFORMING HIM THAT U.S. FIRMS WERE ZIONIST-BACKED OR OWNED. ACCORDING TO DIRECTOR, HE WAS ABLE TO CLEAR UP THESE CASES IN THE PAST BY SIMPLE INQUIRIES TO U.S. FIRMS. NEW REGS PREVENT THIS WITH RESULTS OUTLINED REF (B); THREE U.S. FIRMS WITH 77 AFFILIATES WERE BOYCOTTED FOR FAILURE TO RESPOND TO INQUIRIES WHICH WERE PROMPTED BY ACCUSATIONS MADE BY BRITISH COMPETITORS. END LOU.

(G) SOME U.S. FIRMS HAVE EXPRESSED DOUBTS AND UNCERTAINTIES ABOUT OVERLAPPING PROHIBITIONS BUT NONE HAVE EVER SAID THAT EXPORTS HAVE BEEN INHIBITED AS A RESULT. WE SUSPECT THAT SUCH INHIBITION EXISTS BUT THAT IT WOULD BE EXPRESSED BY NEGATIVE ACTS (SUCH AS NOT ENTERING MARKET) WHICH CANNOT BE QUANTIFIED BY EMBASSY -- WE SIMPLY CANNOT COUNT THE U.S. FIRMS THAT DO NOT DO BUSINESS HERE. (UNCLASSIFIED)

(H) ANY CHANGE IN TRADE BETWEEN U.S. AND QATAR DUE TO TREASURY GUIDELINES HAS BEEN TOTALLY BURIED IN GENERAL BUSINESS DOWNTURN.

WE EXPECT THAT DUE TO NATURE OF U.S. TRANSACTIONS, IMPACT WOULD BE NEGLIGIBLE IF IT WERE VISIBLE. (UNCLASSIFIED)

(I) NO MEANINGFUL DOLLAR ESTIMATE CAN BE DEVELOPED REFLECTING IMPACT OF ANTI-BOYCOTT REGS ON U.S./QATAR TRANSACTIONS. QATARI ECONOMY IS TOO SMALL TO PROVIDE DATA BASE FOR ANY DETERMINATIONS OF IMPACT OF ANY OF THE FACTORS AFFECTING IT. (UNCLASSIFIED)
JABBOUR

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Message Attributes

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